

## Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 STRE-00 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01  
INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01  
CTME-00 AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02  
SOE-02 OMB-01 DOE-15 AF-10 ARA-10 NEA-10 JUSE-00  
OIC-02 /168 W

-----079340 191912Z /44

R 181659Z JUL 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC 2240  
INFO AMEMBASSY BRUSSELS  
AMCONSUL HONG KONG

C O N F I D E N T I A L GENEVA 11053

BRUSSELS FOR USEEC

PASS STR ELECTRONICALLY  
HONG KONG PASS MIKE SMITH AND TEXTILE DEL

E.O. 11652: GDS  
TAGS: ETRD, GATT  
SUBJECT: TEXTILES: TSB CHAIRMAN'S INFORMAL MEETING  
WITH TSB MEMBERS

REF: SMITH-PHELAN CONVERSATION JULY 15

1. TSB CHAIRMAN WURTH ASKED TSB MEMBERS MEET "INFORMALLY"  
IN HIS OFFICE MORNING JULY 17. PRESENT WERE TSAO, SUAREZ,  
JAYANAMA, KUJIRAI AND PHELAN. PATEK AND KLARIC, WHO WERE  
OUT OF COUNTRY, AND KUMAR, WHO WAS OTHERWISE OBLIGATED,  
WERE UNABLE ATTEND.

2. CHAIRMAN HAD TWO QUESTIONS TO PUT TO MEMBERS INFORMAL-  
LY. FIRST WAS PUT AT REQUEST OF D.G. LONG AND SECOND ON  
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CHAIRMAN'S OWN INITIATIVE. WURTH SAID LONG HAD BEEN  
"UNDER PRESSURE" (SOURCES UNSTATED) TO CALL TC MEETING  
TO CONSIDER EC'S FAILURE TO NOTIFY ITS BILATERALS TO  
TSB FOR EXAMINATION. LONG WANTED WURTH'S AND MEMBERS'  
VIEWS AS TO WHETHER AND WHEN TC SHOULD BE CONVENED.  
U.S. REP EXPRESSED VIEW THAT SHOULD TC BE CALLED AT END  
JULY OR FIRST DAYS AUGUST, PRESENT CLIMATE WAS SUCH THAT

IT UNLIKELY PRODUCE ANY RESULT OTHER THAN ACRIMONIOUS AND PERHAPS DISRUPTIVE DISCUSSION OF EC'S "PROBLEMS" IN PUTTING NOTIFICATIONS FORWARD. U.S. REP SUGGESTED THAT WISER COURSE, IN VIEW OF NORMAL AUGUST HIATUS AND CONTINUED INVOLVEMENT OF PARTICIPANT COUNTRIES' GENEVA REPS IN MTN EXERCISE, WOULD BE TO PUT OFF CONSIDERATION OF NEED FOR CALLING TC UNTIL MID-SEPTEMBER ON ASSUMPTION THAT EC, BY THAT TIME, WOULD HAVE BEEN IN POSITION TO NOTIFY A NUMBER OF ITS AGREEMENTS; THUS OBTAINING NEED FOR TC MEETING. AFTER WURTH WAS ASKED BY MEMBERS (AND WAS UNABLE TO ANSWER) WHERE PRESSURE FOR EARLY TC WAS COMING FROM, ALL PRESENT SUPPORTED APPROACH SUGGESTED BY U.S. REP AND WURTH SAID HE WOULD SO INFORM LONG.

3. SECOND QUESTION HAD TO DO WITH MEMBERS VIEWS AS TO WHETHER TSB WAS PREPARED TO ACCEPT FOR REVIEW EC BILATERALS WHICH, IN ABSENCE OF FORMAL CONCLUSION, COULD UNDERGO WHAT WURTH DESCRIBED AS "PRELIMINARY EXAMINATION" BY TSB. TSAO RESPONDED IMMEDIATELY THAT UNDER NO CIRCUMSTANCES WOULD HE AGREE TO SUCH PROCEDURE. TSAO SAID THAT EC'S FIVE-YEAR BILATERAL "MEMO OF UNDERSTANDING" WITH HONG KONG (AND, HE PRESUMED, OTHERS BETWEEN EC PARTNERS TOO) CONTAINED NO FIGURES FOR "REGIONAL APPLICATION QUOTAS" FOR THE LAST FOUR YEARS OF THE AGREEMENT AND, FURTHER, THAT HONG KONG HAD NO INTENTION OF EXCHANGING NOTES WITH EC UNTIL THESE NUMBERS WERE CONFIDENTIAL

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FILLED IN. ANY SUCH AGREEMENT, IN HIS VIEW, WAS INCOMPLETE AND, THEREFORE, SHOULD NOT BE ACCEPTED FOR REVIEW BY TSB. U.S. REP AGREED WITH TSAO THAT TSB COULD NOT ACCEPT ANY EC AGREEMENT FOR REVIEW WHICH WAS INCOMPLETE. U.S. REP SAID THAT IN HIS VIEW END PURPOSE OF TSB REVIEW WAS TO BRING EC'S BILATERALS INTO PUBLIC DOMAIN WHICH COULD NOT BE DONE IF THEY WERE "INCOMPLETE" OR IF ONLY SUBJECTED TO "PRELIMINARY" CONSIDERATION PROCEDURE. OTHER MEMBERS PRESENT SHARED THESE VIEWS. ALL AGREED THAT THIS QUESTION SHOULD BE PLACED ON AGENDA NEXT TSB JULY 19 WHERE EC COULD BE ASKED FOR CLARIFICATION AND EXPLANATION ITS APPARENT INABILITY TO FORMALLY AND DEFINITELY NOTIFY ITS COMPLETED AGREEMENTS.

4. THIS DISCUSSION IN TSB COULD PROVE TO BE VERY STICKY INDEED. HONG KONG REP HAS UNDOUBTEDLY ALREADY CALLED TO ATTENTION EC'S OTHER BILATERAL PARTNERS THE DANGEROUS DEFECT (NO REGIONAL ALLOCATION FOR LAST FOUR YEARS OF FIVE-YEAR AGREEMENTS). AT SAME TIME WE KNOW THAT COMMISSION IS HAVING GREAT DIFFICULTY IN GETTING MEMBER STATES TO AGREE NOW TO NUMBERS FOR REGIONAL QUOTAS FOR LAST FOUR YEARS OF BILATERALS. INDEED, WE HEAR THAT

CERTAIN MEMBER STATES TAKE POSITION THAT THESE REGIONAL  
QUOTAS MAY BE UNILATERALLY APPLIED BY EC ON YEAR-TO-  
YEAR BASIS. THIS QUESTION MAY TURN OUT TO BE A MAJOR  
MISUNDERSTANDING BETWEEN THE MEMBER STATES, THE COMMISSION  
AND ITS BILATERAL PARTNERS. LASTLY, IT NOW SEEMS  
REASONABLY CLEAR THAT WURTH, ON HIS OWN INITIATIVE, HAD  
ASSURED EC OFFICIALS THAT TSB WOULD ACCEPT EC'S BILATERALS  
FOR "PRELIMINARY REVIEW" AND THAT HE IS NOW IN A VERY  
EMBARRASSING POSITION INDEED. VANDEN HEUVEL

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## Message Attributes

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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
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